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AND
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BEFORE PROCEEDINGFEDERAL COMMUNICATIONS COMMISSION
REMITTANCEApproved by OMB
3060-0589

Page 1 of 1

(1) LOCKBOX # 358145		SPECIAL USE ONLY	
		FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Comtel Telcom Assets LP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$895.00	
(4) STREET ADDRESS LINE NO. 1 500 Boylston Street			
(5) STREET ADDRESS LINE NO. 2 17th Floor			
(6) CITY Boston		(7) STATE MA	(8) ZIP CODE 02116
(9) DAYTIME TELEPHONE NUMBER (include area code) (617) 603-3508		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0013838701		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Comtel Telcom Assets LP			
(14) STREET ADDRESS LINE NO. 1 500 Boylston Street			
(15) STREET ADDRESS LINE NO. 2 17th Floor			
(16) CITY Boston		(17) STATE MA	(18) ZIP CODE 02116
(19) DAYTIME TELEPHONE NUMBER (include area code) (617) 603-3508		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0013838701		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$895.00	(27A) TOTAL FEE \$895.00	FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2	
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE _____		DATE _____	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described			
SIGNATURE _____		DATE _____	

SEE PUBLIC BURDEN ON REVERSE

FCC FORM 159

FEBRUARY 2003 (REVISED)

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

**COMTEL TELCOM ASSETS LP
and COMTEL VIRGINIA LLC,**

Transferees,

and

**VARTEC TELECOM, INC.,
EXCEL TELECOMMUNICATIONS, INC.,
and VARTEC SOLUTIONS, INC.,**

Transferors,

Joint International and Domestic Application
for Authority Pursuant to Section 214 of the
Communications Act of 1934, as amended, for
Transfer of Assets of Authorized Carriers and
Assignment of International 214 Authorizations

File No. _____

**JOINT INTERNATIONAL AND DOMESTIC APPLICATION FOR CONSENT TO
TRANSFER OF ASSETS AND ASSIGNMENT OF AUTHORIZATIONS**

Pursuant to Section 214 of the Communications Act of 1934, as amended, ("Communications Act"), and Sections 63.03, 63.04, 63.18 and 63.24 of the Commission's Rules, Comtel Telcom Assets LP ("Comtel") and Comtel Virginia LLC ("Comtel Virginia") (together, the "Comtel Companies"), as transferees, and VarTec Telecom, Inc. ("VarTec"), Excel Telecommunications, Inc., ("Excel"), and VarTec Solutions, Inc. ("VarTec Solutions") (together, the "VarTec Companies"), as transferors, (collectively with the Comtel Companies, the "Applicants") hereby jointly request Commission approval of the acquisition by the Comtel Companies of certain assets of VarTec and its subsidiaries, Excel and VarTec Solutions. Both of the Comtel Companies seek Commission approval as transferees for the transfer of assets used in

the provision of domestic telecommunications services pursuant to Section 63.03 of the Commission's rules. In addition, Commission approval for the assignment of international Section 214 authority is sought only for Comtel as assignee.¹ For convenience, the terms "Transferors" and "Transferees" are used throughout this application. Applicants request streamlined processing and expedited consideration of this application due to the bankruptcy status, described in Section I(b) below, of certain of the VarTec Companies. All Applicants are non-dominant carriers.² In support of this Application, the following is stated:

I. The Parties

(a) The Comtel Companies

Comtel is a limited partnership organized under the laws of the State of Texas, and Comtel Virginia is a limited liability company organized in the Commonwealth of Virginia. The principal office for both the Comtel Companies is located at 500 Boylston Street, 17th Floor, Boston, Massachusetts 02116. The Comtel Companies both are new entrants in the domestic and international telecommunications markets, are non-dominant according to Commission rules, and are not affiliated with any dominant U.S. or foreign carrier.

(b) The VarTec Companies

VarTec and Excel are corporations organized under the laws of the State of Texas. VarTec Solutions is a Delaware corporation. The principal address for the VarTec Companies is

¹ To the extent Comtel Virginia engages in the provision of international telecommunications service, it will do so pursuant to the authorization granted to Comtel, pursuant to Section 63.21(h) of the Commission's rules, and Comtel will comply in all respects with that rule, including its notice requirements.

² A Domestic Supplement, containing the information specified in Sections 63.04(a)(6) through (12) of the Commission's rules is attached hereto as Exhibit A. See 47 C.F.R. § 63.04(b).

2440 Marsh Lane, Carrollton, Texas 75006.

The Commission has authorized VarTec, Excel and VarTec Solutions to provide resold international interexchange services on a global basis.³ VarTec and Excel also provide intrastate and interstate domestic interexchange services within and throughout the United States, and local exchange and exchange access services in every state except Alaska, Connecticut, Hawaii, Rhode Island and Virginia. VarTec Solutions provides intrastate and interstate interexchange services within the contiguous United States and is authorized to provide local exchange and exchange access services in a limited number of states.

The VarTec Companies voluntarily filed for Chapter 11 bankruptcy protection on November 1, 2004 in the Dallas Division of the United States Bankruptcy Court for the Northern District of Texas (the "Court"). The VarTec Companies entered into the below-described asset purchase agreement (the "APA") with the Comtel Companies on July 25, 2005, and the APA was approved by the Bankruptcy Court on July 27, 2005.⁴

II. The Transaction

As noted above, the VarTec Companies are operating under bankruptcy protection, and through a Court-approved auction process, Comtel has entered into the APA with the VarTec Companies. Pursuant to the terms of the APA, the VarTec Companies have agreed to sell to

³ VarTec was authorized to provide these services in ITC 90-152, Excel was authorized in ITC 93-145, and VarTec Solutions was authorized in ITC 97-227.

⁴ See Case No. 04-81694-SAF-11, Order Granting Motion (A) Approving the Sale Free and Clear of All Liens, Claims, Rights, Interests and Encumbrances to Comtel Investments, LLC and (B) Granting Related Relief (Substantially All of the Debtors' Remaining Assets) (entered July 29, 2005), available at http://docs.bmccorp.net/Vartec/docs/txnb_3-04-bk-81694_1663.pdf. Comtel Investments LLC, which is wholly-owned by the same parties who own and control the Comtel Companies, has assigned its rights and obligations under the Asset Purchase Agreement to the Comtel Companies.

Comtel, and Comtel has agreed to purchase, substantially all of the assets of the VarTec Companies, including all telecommunications equipment, customer accounts and records, business records and licenses and permits. The APA provides that the ultimate transfer of the acquired telecommunications and operating assets is subject to the necessary regulatory approvals, including the approval of this Application. Due to specific requirements for public utilities operating within the Commonwealth of Virginia, Comtel Virginia will hold certain assets and service customer accounts in Virginia obtained through the asset purchase discussed herein.

Once the proposed transaction is completed, the VarTec Companies will no longer hold authorizations to provide telecommunications services as described in Section I(b) above. The international Section 214 authorizations will be assigned to Comtel, and the domestic authorizations will be assigned to the Comtel Companies, in order that the residential and business customers previously served by the VarTec Companies will continue to receive services without interruption.

III. Public Interest Considerations

Grant of this application will serve the public interest, convenience and necessity by enabling the seamless continuation of telecommunications services to the VarTec Companies' existing customers. By allowing the Comtel Companies to assume control of the VarTec Companies' assets and authorizations, existing customers will have access to the services they enjoy today, improved levels of service, and expanded service offerings. Due to financial restrictions, the VarTec Companies have performed extremely limited marketing, product research and other customer retention and acquisition efforts during 2004 and 2005. Such restrictions have minimized the competitive offerings introduced to the public, and limited the

VarTec Companies' ability to invest in their services.

Moreover, approval of the proposed transaction can be expected to serve the public interest by stimulating increased competition in the domestic and international telecommunications markets. As new entrants in these markets, the Comtel Companies intend to compete efficiently and effectively using the resources obtained through the APA. More effective competition in the industry has the net economic impact of lower consumer prices, as well as the introduction and availability of more products and services for consumers.⁵

For the foregoing reasons, the grant of this application is in the public interest.

IV. Specific Part 63 Information

As required by Section 63.24(e)(2) of the Commission's rules, Applicants submit the following information as requested in Section 63.18:

(a) Names, addresses and telephone numbers of Applicants:

Transferees

Comtel Telcom Assets LP
c/o 500 Boylston Street, 17th Floor
Boston, Massachusetts 02116
(617) 603-3508

Comtel Virginia LLC
c/o 500 Boylston Street, 17th Floor
Boston, Massachusetts 02116
(617) 603-3508

Transferors

VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, Texas 75006

⁵ The Comtel Companies will provide the required notices to affected subscribers and the Commission in accordance with Section 64.1120(e) of the Commission's rules.

(972) 478-3000

Excel Telecommunications, Inc.
2440 Marsh Lane
Carrollton, Texas 75006
(972) 478-3000

VarTec Solutions, Inc.
2440 Marsh Lane
Carrollton, Texas 75006
(972) 478-3000

- (b) **Government, state or territory under the laws of which each of the Applicants is organized:**

Transferees

Comtel is a limited partnership organized under the laws of the State of Texas, and Comtel Virginia is a limited liability company organized in Virginia.

Transferors

VarTec and Excel are corporations organized under the laws of the State of Texas, and VarTec Solutions is a Delaware corporation, which formerly operated under the corporate names, eMeritus Communications, Inc. and Teleglobe Business Solutions, Inc., Telco Holdings, Inc. d/b/a Dial & Save.

- (c) **Questions or correspondence concerning the Applicants or this filing may be addressed to the following representatives:**

Transferees

Jeffrey A. Marks, Esq.
Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, DC 20004-1304
Telephone: (202) 637-2200
Facsimile: (202) 637-2201
e-mail: jeffrey.marks@lw.com

Counsel to the Comtel Companies

Transferors

Melissa A. Drennan, Esq.

Vice President – Litigation and Compliance and
Deputy Chief Legal Counsel
VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, Texas 75006
Telephone: (972) 478-3305
Facsimile: (972) 478-3301
e-mail: mdrennan@vartec.net

(d) Statement as to previous Section 214 authorizations of Applicants:

Transferees

Neither of the Comtel Companies previously was authorized under Section 214 of the Act to provide international telecommunications services.

Transferors

As discussed above, the Commission has authorized VarTec, Excel and VarTec Solutions to provide resold international services on a global basis. VarTec received its authorization in ITC 90-152, Excel was granted authorization in ITC 93-145 and VarTec Solutions was authorized to provide these services in ITC 97-227.

- (e)** This Application requests that the Commission consent to the transfer of the assets described above to the Comtel Companies from the VarTec Companies, and the assignment of international Section 214 authority to Comtel to operate as a resale carrier pursuant to Section 63.18(e)(2) of the Commission's rules. Comtel will comply with the terms and conditions contained in §§63.21 and 63.23 of the rules.
- (f)** Not applicable
- (g)** Not applicable
- (h) Name, address, citizenship, principal business and percentage ownership of entities that own at least 10 percent of the equity in the Comtel Companies:**

An organizational chart for the Transferees is provided as Exhibit B.

The sole member of Comtel Virginia, a limited liability company, is Comtel. Comtel is a limited partnership whose principal business will be telecommunications. General partner Comtel Assets Inc. ("Comtel Inc."), a Texas corporation, owns 1% of the equity of Comtel, and limited partner Comtel Assets Corp. ("Comtel Corp."), a Delaware corporation, owns 99% of the equity of Comtel. The principal business of Comtel Corp. and Comtel Inc. is corporate

holding company and each is located at the following address: 500 Boylston Street, 17th Floor, Boston, MA 02116.

Each of Comtel Corp. and Comtel Inc. is 100% owned by Sowood Commodity Partners Fund III LP ("Sowood Fund III"), a Delaware limited partnership. The principal business of Sowood Fund III is investment company. Sowood Fund III is located at: 500 Boylston Street, 17th Floor, Boston, MA 02116.

Sowood Commodity Partners GP III LP ("Sowood GP III LP"), a Delaware limited partnership, is the sole general partner of Sowood Fund III, with a 0.2% equity interest and operating control. The principal business of Sowood GP III LP is corporate holding company and it is located at the following address: 500 Boylston Street, 17th Floor, Boston, MA 02116.

The remaining equity of Sowood Fund III is held by Harvard Private Capital Holdings ("HPCH"), a passive, institutional investor. HPCH's principal business is investment company. It is owned and controlled by the President and Fellows of Harvard College, a tax-exempt educational and research institution based in Cambridge, Massachusetts.⁶ The address of HPCH is: c/o Harvard Management Company, 600 Atlantic Avenue, Boston, MA 02210.

No other entity holds a 10 percent or greater direct or indirect equity interest in the Assignee.

The limited partners of Sowood GP III LP are Jeff Larson (19%), Rick Dowd (5%), Stu Porter (70%) and Megan Kelleher (5%), each U.S. citizens. The business address of each of these individuals is: 500 Boylston Street, 17th Floor, Boston, MA 02116.

The general partner of Sowood GP III LP, with a 1% interest and operating control, is Sowood GP III LLC, a Delaware limited liability company. The principal business of Sowood GP III LLC is management company. The address of Sowood GP III LLC is: 500 Boylston Street, 17th Floor, Boston, MA 02116.

The sole managing member of Sowood GP III LLC is Jeff Larson, a

⁶ Harvard University is an educational and research institution with tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code. According to the Harvard University Annual Financial Report for Fiscal Year 2004, income from the University's endowment is Harvard's largest source of operating income. Harvard Management Company (HMC) is responsible for investing the assets of the endowment to meet the University's needs. HMC is a subsidiary of Harvard and is governed by a board of directors appointed by President and Fellows of Harvard College. According to the Annual Report, HMC oversees, among other investments, some 170 different private equity funds, managed by 60 different external management teams.

United States citizen, whose address is provided above. Sowood GP III LLC also has three non-managing members: Rick Dowd, Megan Kelleher and Stu Porter, all United States citizens. Their address is given above.

There are no interlocking directorates with foreign telecommunications carriers.

- (i) Applicants are not foreign carriers, and are not affiliated with any foreign carriers.
- (j) Applicants do not seek to provide international telecommunications services to any destination country for which any of the statements set forth in Sections 63.18 (j)(1)-(4) of the Commission's Rules is true.
- (k) Not applicable.
- (l) Not applicable.
- (m) Not applicable.
- (n) The Applicants have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.
- (o) Each of the Comtel Companies and the VarTec Companies certifies pursuant to Sections 1.2001 through 1.2003 of the Commission's rules that no party to this application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. 853 (a).
- (p) **Streamlined processing:**

Applicants respectfully request that this application be reviewed under streamlined processing guidelines pursuant to Section 63.12 of the Commission's rules. The application for assignment of international 214 authorizations of the VarTec Companies to Comtel qualifies for streamlined processing because (1) none of the Comtel Companies is affiliated with a foreign telecommunications carrier; and (2) none of the Comtel Companies is affiliated with a dominant U.S. carrier. Further, Comtel does not seek authority to provide international switched services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines.

V. Conclusion

For the foregoing reasons, grant of this application will serve the public interest,

convenience and necessity. Streamlined processing will expedite the public interest benefits of the proposed asset acquisition by the Comtel Companies, and is especially urgent due to the bankruptcy status of certain of the VarTec Companies.

Respectfully submitted,

The Comtel Companies

Megan Kelleher

Megan Kelleher
Comtel Telcom Assets LP
Comtel Virginia LLC
c/o 500 Boylston Street, 17th Floor
Boston, Massachusetts 02116
(617) 603-3508

August 4, 2005

The VarTec Companies

A handwritten signature in cursive script, reading "Melissa Drennan", written over a horizontal line.

Melissa A. Drennan, Esq.

VarTec Telecom, Inc.

Excel Telecommunications, Inc.

VarTec Solutions, Inc.

2440 Marsh Lane

Telephone: (972) 478-3305

Facsimile: (972) 478-3301

e-mail: mdrennan@vartec.net

August 4, 2005

Verification

On behalf of Comtel Telcom Assets LP and Comtel Virginia LLC, I, Megan Kelleher, hereby certify under penalty of perjury that the information provided in the foregoing application related to these entities and their affiliates is true and complete to the best of my information, knowledge and belief.

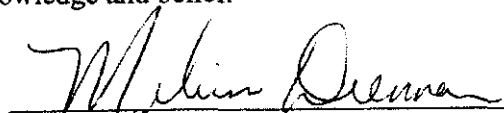
By: Megan Kelleher
Megan Kelleher
Comtel Telcom Assets LP
Comtel Virginia LLC
c/o 500 Boylston Street, 17th Floor
Boston, Massachusetts 02116
(617) 603-3508

Executed: August 4, 2005

Verification

On behalf of VarTec Telecom, Inc., Excel Telecommunications, Inc., and VarTec Solutions, Inc., I, Melissa A. Drennan, hereby certify under penalty of perjury that the information provided in the foregoing application related to these entities and their affiliates is true and complete to the best of my information, knowledge and belief.

By:



Melissa A. Drennan, Esq.
VarTec Telecom, Inc.
Excel Telecommunications, Inc.
VarTec Solutions, Inc.
2440 Marsh Lane
Carrollton, Texas 75006
(972) 478-3305

Executed: August 4, 2005

EXHIBIT A

DOMESTIC SUPPLEMENT TO JOINT INTERNATIONAL AND DOMESTIC APPLICATION FOR CONSENT TO TRANSFER OF ASSETS AND ASSIGNMENT OF AUTHORIZATIONS

Pursuant to 47 C.F.R. § 63.04(b), the following information required by 47 C.F.R. §§ 63.04 (a)(6)-(a)(12) is intended to accompany the attached Joint International and Domestic Application for Consent to Transfer of Assets and Assignment of Authorizations:

(6) Description of the transaction

The VarTec Companies voluntarily filed for Chapter 11 bankruptcy protection on November 1, 2004 in the Dallas Division of the United States Bankruptcy Court for the Northern District of Texas (the "Court"). The VarTec Companies entered into an asset purchase agreement (the "APA") with the Comtel Companies, following a Court-approved auction process, on July 25, 2005. The APA was approved by the Bankruptcy Court on July 27, 2005.¹

Pursuant to the terms of the APA, the VarTec Companies have agreed to sell to Comtel, and Comtel has agreed to purchase, substantially all of the assets of the VarTec Companies, including all telecommunications equipment, customer accounts and records, business records and licenses and permits. The APA provides that the ultimate transfer of the acquired telecommunications and operating assets is subject to the necessary regulatory approvals, including the approval of this Application. Due to specific requirements for public utilities operating within the Commonwealth of Virginia, Comtel Virginia will hold certain assets and service customer accounts in Virginia obtained through the asset purchase discussed herein.

Both of the Comtel Companies seek Commission approval as transferees for the transfer of assets used in the provision of domestic telecommunications services pursuant to Section 63.03 of the Commission's rules. The Comtel Companies both are new entrants in the domestic and international telecommunications markets, are non-dominant according to Commission rules, and are not affiliated with any dominant carrier.

¹ See Case No. 04-81694-SAF-11, Order Granting Motion (A) Approving the Sale Free and Clear of All Liens, Claims, Rights, Interests and Encumbrances to Comtel Investments, LLC and (B) Granting Related Relief (Substantially All of the Debtors' Remaining Assets) (entered July 29, 2005), available at http://docs.bmccorp.net/Vartec/docs/txnb_3-04-bk-81694_1663.pdf. Comtel Investments LLC, which is wholly-owned by the same parties who own and control the Comtel Companies, has assigned its rights and obligations under the Asset Purchase Agreement to the Comtel Companies.

Once the proposed transaction is completed, the VarTec Companies will no longer hold authorizations to provide telecommunications services as described in Section I above. The domestic authorizations will be assigned to the Comtel Companies, in order that the residential and business customers previously served by the VarTec Companies will continue to receive services without interruption.

- (7) **Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area:**

Transferees:

The ComTel Companies are new entrants and do not currently offer domestic telecommunications services.

Transferors:

VarTec provides interstate interexchange services to customers in all states except Alaska.² Excel provides interstate interexchange services in all states within the U.S. VarTec and Excel also provide local exchange and exchange access services in every state except Alaska, Connecticut, Hawaii, Rhode Island and Virginia.

VarTec Solutions provides intrastate and interstate interexchange services within the contiguous United States.³ VarTec Solutions also is authorized to provide local exchange and exchange access services in a limited number of states.⁴

- (8) **Statement as to how the application fits into one or more of the presumptive streamlined categories in this section or why it is otherwise appropriate for streamlined treatment:**

The application presumptively qualifies for streamlined processing pursuant to Section

² VarTec provides interexchange services under the trade name Clear Choice Communications in all jurisdictions, except Alaska.

³ While VarTec Solutions provides interstate interexchange services throughout the United States, the company's authority to provide intrastate interexchange services is limited to the contiguous United States.

⁴ Although VarTec Solutions has not yet commenced providing local exchange or exchange access services in any jurisdiction, it holds the authority to provide local exchange services in following states: Alabama, California, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, North Carolina, North Dakota, Oregon, South Dakota, Tennessee, Utah, West Virginia, Wisconsin and Wyoming.

63.03(b)(1) of the Commission's rules because (i) all Applicants are non-facilities-based carriers; and (ii) the proposed transferees are not telecommunications providers today. In addition, the application presumptively qualifies for streamlined processing pursuant to Section 63.03(b)(2)(i) of the Commission's rules because the Comtel Companies will have less than a 10 percent market share in the interstate interexchange market and the proposed transferees will provide telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and none of the Applicants is dominant with respect to any service.

(9) Identification of all other Commission applications related to the same transaction:

The attached Joint International and Domestic Application for Consent to Transfer of Assets and Assignment of Authorizations describes the transaction detailed in this supplement. In addition to this application for domestic transfer of assets, an identical Joint International and Domestic Application for Consent to Transfer of Assets and Assignment of Authorizations is being filed concurrently under separate cover and filing fee for assignment of international 214 authorizations held by the VarTec Companies to Comtel. There are no other FCC applications related to this transaction.⁵

(10) Statement as to whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure:

Applicants do not request special consideration other than expedited review and streamlined processing in light of the pending bankruptcy proceeding.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:

Applicants do not seek any waivers in conjunction with this Application.

(12) Statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:

Grant of this Application will serve the public interest, convenience and necessity by enabling the seamless continuation of telecommunications services to the VarTec Companies' existing customers. By allowing the Comtel Companies to assume control of the VarTec Companies' assets and authorizations, existing customers will have access to the services they enjoy today, improved levels of service, and expanded service offerings. Due to financial restrictions, the VarTec Companies have performed extremely limited marketing, product research and other customer retention and

⁵ At the appropriate time, the Comtel Companies will provide the required notices to affected subscribers and the Commission in accordance with Section 64.1120(e) of the Commission's rules.

acquisition efforts during 2004 and 2005. Such restrictions have minimized the competitive offerings introduced to the public, and limited the VarTec Companies' ability to invest in their services.

Moreover, approval of the proposed transaction can be expected to serve the public interest by stimulating increased competition in the domestic telecommunications market. New entrants in these markets, the Comtel Companies intend to compete efficiently and effectively using the resources obtained through the APA. More effective competition in the industry has the net economic impact of lower consumer prices, as well as the introduction and availability of more products and services for consumers.⁶

For the foregoing reasons, the grant of this Application is in the public interest.

⁶ The Comtel Companies will provide the required notices to affected subscribers and the Commission in accordance with Section 64.1120(e) of the Commission's rules.

Exhibit B

